

Glossary

Administrative charge. Reimbursements to the General Fund for Indirect costs incurred against General Fund budgets.

Ad valorem tax. A tax levied on the assessed value of both real and personal property in proportion to the value of the property (also known as "property tax").

Allocation. Assigning one or more items of cost or revenue to one or more segments of an organization according to benefits received, responsibilities, or other logical measures of use.

Appraised value. Market dollar value given to real estate, utilities, and personal property; established through notification, hearing and appeals, and certification process.

Appropriation. Expenditure authority created City Council.

Assessed value. Appraised value of property adjusted downward by a classification factor, to determine the basis for distributing the tax burden to property owners.

Attrition. The voluntary termination of employment due to retirements or resignations.

Audit. A review of the City's accounts by an independent accounting firm to substantiate year-end fund balances, reserves, and cash on hand.

Bond. A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The City sells bonds as a means of borrowing revenue for costly projects and repays the debt to the lender over an extended period of time, similar to the manner in which a homeowner repays a mortgage.

A bond differs from a note in two ways. A bond is issued for a longer period of time than a note and requires greater legal formality.

Budget. Financial plan consisting of estimated revenues and expenditures (purposes) for specified time. The operating budget provides for direct services and support functions of the City (e.g., Police, Fire, Public Works, etc.). The capital budget (Capital Improvement Program) provides for improvements to the City's infrastructure and facilities, and utilizes long-term financing instruments.

Budget amendment. Legal means by which an adopted expenditure authorization or limit is increased and could be authorized with a publication, a hearing, or a recertification of the budget.

Budget message. A general policy discussion of the budget as presented in writing by the budget-making authority to the City Council. The message outlines the budget plan and main points

of interest. The City's budget message is presented as the City Manager's letter in the proposed and adopted budget documents.

Capital Improvement Program (CIP). A ten-year expenditure plan financing new infrastructure and facilities, or improvements to the existing infrastructure and facilities.

Capital outlay. An item of nonexpendable nature with a value greater than \$1,500 and with an anticipated life of more than one year under normal use.

Carry-over. Appropriated funds that remain unspent at the end of a fiscal year and, can be retained in the appropriating budget and expended in subsequent fiscal years for the purpose designated.

Commodity. An expendable item used by operating activities. Examples include office supplies, repair, and replacement parts for equipment, toilet supplies, and gasoline and oil.

Contingency. A budgetary reserve amount established for emergencies or unforeseen expenditures not otherwise known at the time the budget is adopted.

Contractual services. A cost related to a legal agreement. Examples include insurance, utility costs, printing services, and temporary employees (hired through a private firm).

Debt service. Principal and interest requirements on outstanding debt.

Deficit. An excess of current-year expenditures over current-year resources.

Department. The basic unit of service responsibility, encompassing a broad mission of related activities.

Division. A sub-unit of a department that encompasses a substantial portion of the duties assigned to a department. May consist of several sections, which in turn may consist of clearly defined activities.

Encumbrance. A legal obligation to pay funds, the expenditure of which has not yet occurred.

Enterprise fund. Used for government functions that are self-supporting. Enterprise funds belong to the group of funds called "proprietary" and account for operations that provide services to the community at large.

Expenditure. Actual outlay of funds. Expenditures are budgeted by function: personal services (salaries and benefits), contractual services, commodities (materials and supplies), capital outlay, and other (including transfers out, debt service, contingencies and inventory clearing accounts).

Fiscal year. The twelve-month budget period. The fiscal year for the City of Wichita is the January through December calendar year.

Franchise fee. An annual assessment paid by utilities for the privilege of doing business in Wichita. The current rate is 5% of a utility's gross receipts.

Full-time equivalent position (FTE). A position converted to the decimal equivalent based on 2,080 hours per year. For example, a summer lifeguard working 8 hours per day for four months, or 690 hours, would be equivalent to .3 of a full-time position.

Fund. Accounting entity with accounts for recording revenues and expenditures to carry on specific purposes.

Fund balance. The total dollars remaining after current expenditures for operations and debt service for capital improvements are subtracted from the sum of the beginning fund balance and current resources. The City Council policy goal is to maintain a total appropriated and unappropriated fund balance/reserve between 5-10% of the General Fund expenditure budget. State law allows a maximum of 5% of certified budgets/funds to be unappropriated.

General Fund. The City's principal operating account, which is supported primarily by taxes and fees having no restriction on their use.

Governmental funds. An accounting entity used to account for operations that rely mostly on current assets and current liabilities. Governmental funds include the General Fund, special revenue funds, and the Debt Service Fund.

Infrastructure. The physical assets or foundation of the City, including buildings, streets, and water and sewer systems.

Internal service fund. An accounting entity used to account for operations that provide services to City departments at cost. Like enterprise funds, internal service funds belong to the "proprietary" group of funds.

Line item. The smallest expenditure detail in department budgets. The line item also is referred to as an "object," with numerical "object codes" used to identify expenditures in the accounting system. Within the accounting system, "objects" are further divided into "sub groups."

Longevity. Employee compensation payments made in recognition of a minimum number of years employed full time with the same entity. Longevity payments are two dollars per month multiplied by the total accumulative years of service, payable after six years in employment.

Mill. One dollar of tax per \$1,000 of assessed valuation.

Operating budget. A budget that applies to all outlays other than capital improvements.

Performance measures. A means, usually quantitative, of assessing the efficiency and effectiveness of department work programs.

Personal services. All costs related to compensating employees, including employee benefit costs such as the City's contribution for retirement, social security, and health and life insurance.

Proprietary funds. Accounting entities to account for operations similar to a private enterprise with a balance sheet that incorporates long-term debt obligations, assets and liabilities, and depreciation. Enterprise funds and internal service funds are "proprietary" funds.

Retained earnings. Reserved and unreserved assets (recorded in proprietary fund operations), held for future operating needs and equipment replacement.

Revenue. Taxes, user fees, and other sources of income received into the City treasury for public use.

Special assessment. A compulsory levy made upon a properties to defray part or all of the costs of a specific improvement that primarily benefits that specific property.

Special revenue fund. An accounting entity to account for revenue that is legally destined for a specific purpose and the expenditure of the dedicated revenue.

Tax lid. Law limiting amount of property tax that can be levied for a specific government function. Also known as aggregate tax levy limitation.

Taxes. Compulsory assessments levied by a government for the purpose of financing services performed for the common benefit of the citizens. Taxes do not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Trust fund. Used when the City is custodian of money to be reserved and spent for a special purpose.